



FORM X-17A-5

BB 12/21

OMB APPROVÁL

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FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNII	NG 10/1/05 MM/DD/YY	AND ENDING 9/30/06 MM/DD/YY
A.1	REGISTRANT IDENTIFICAT	TION
NAME OF BROKER-DEALER:	orrison Investments	In c OFFICIAL USE ONLY
ADDRESS OF PRINCIPAL PLACE OF	BUSINESS: (Do not use P.O. Box N	lo.) FIRM I.D. NO.
620 W. Roose		o C2
Wheaton	(No. and Street)	60187
(City)	(State)	(Zip Code)
Thomas A. Mocci		ARD TO THIS REPORT 630 - 252 - 1/5
		(Area Code – Telephone Number
В. А	CCOUNTANT IDENTIFICA	TION
	Name - if individual, state last, first, i	·
1700 Park Street	Suite 202, Naper	<u>rville II 60563</u> (State) (Zip Code)
CHECK ONE:	(0.17)	PROCESSED
Certified Public Accountant	nt .	P DEC 2 6 2006
☐ Public Accountant ☐ Accountant not resident in	United States or any of its possessio	rhomson Financial
	FOR OFFICIAL USE ONL	
<u> </u>		1

*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02)

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB collection number.

OATH OR AFFIRMATION

I.		Thomas A. Morrison , swear (or affirm) that, to the best of
mv	knr	wledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of
111.3	KII	Magazan Tayantan to Tag
of		Septem ber 30, 2006, are true and correct. I further swear (or affirm) that
nei	ther	the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account
cla	ssifi	ed solely as that of a customer, except as follows:
		-H
		_/ Romar Cl. ///onveron
		Signature
		trincipal
		Title
	-I'	· · · · · · · · · · · · · · · · · · ·
	__	OFFICIAL SEAL S
		Notary Public CYNTHIA HAYES HUTCHINS
Th	:	NOTARY PUBLIC STATE OF ILLINOIS S port ** contains (check all applicable box/s): MY COMMISSION EXPIRES: 04:30-07)
		Facing Page.
X		Statement of Financial Condition.
$\overline{\mathbb{X}}$		Statement of Income (Loss).
図		Statement of Changes in Financial Condition.
Ø	-	Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
$\overline{\mathbf{x}}$		Statement of Changes in Liabilities Subordinated to Claims of Creditors.
×		Computation of Net Capital.
ā		Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
	(i)	Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
X	(i)	A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the
	•	Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
	(k)	A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of
	• •	consolidation.
X	(l)	An Oath or Affirmation.
		A copy of the SIPC Supplemental Report.
X	(n)	A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

^{**}For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

FINANCIAL STATEMENTS

SEPTEMBER 30, 2006

SLUPIK AND ASSOCIATES, LTD. CERTIFIED PUBLIC ACCOUNTANTS

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SLUPIK AND ASSOCIATES, LTD.

CERTIFIED PUBLIC ACCOUNTANTS

1700 Park Street, Suite 202, Naperville, IL 60563 Phone (630) 357-0096 Fax (630) 357-0592

Independent Auditor's Report

The Board of Directors

MORRISON INVESTMENTS, INC.
Wheaton, Illinois

We have audited the accompanying statement of financial condition of Morrison Investments, Inc. (an Illinois Corporation) as of September 30, 2006, and the related statements of income, changes in stockholder's equity, changes in liabilities subordinated to claims of general creditors and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Morrison Investments, Inc. as of September 30, 2006 and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained on pages 10 - 11 is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 of the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

November 10, 2006

Slegil and Associates, Ital.

STATEMENT OF FINANCIAL CONDITION | SEPTEMBER 30, 2006 |

ASSETS	A l	llowable	al	Non- lowable	•	Total
Current Assets	•				_	
Cash and cash equivalents Securities owned:	\$	18,142	\$	•	\$. 18,142
Marketable, at market value		39,615		-		39,615
Accounts receivable		16,236		8,224		24,460
Total Current Assets		73,993		8,224		82,217
Other Assets						!
Deposits		-		2,276		2,276
Total Other Assets	•	-		2,276		2,276
TOTAL ASSETS	\$	73,993	\$	10,500	\$	84,493
Current Liabilities Accounts payable Accrued income taxes	R'S E	QUITY			\$	1,950 725
Total Current Liabilities		, ,				2,675
Total Liabilities					<u> </u>	2,675
Stockholder's Equity Capital stock No par value; at stated value: authorized - 1,000 shares, issued and outstanding - 1,000 shares Paid in capital Retained earnings Total Stockholder's Equity						10,000 3,955 67,863 81,818
	ימות זה	oic bollims	,			
TOTAL LIABILITIES AND STOCKHO	JLDEI	C2 FANTL			\$	84,493

STATEMENT OF INCOME YEAR ENDED SEPTEMBER 30, 2006

Revenues	'
Commissions	\$ 135,405
Trading and monitoring fee income	334,016
Interest, dividends & capital gains/(losses)	5,273
Unrealized gain on firm securities investment account	121
Other income	821
	1
Total revenues	475,636
·	
Expenses	1
Regulatory fees and expenses	2,168.
Other operating expenses:	
General and administrative costs	365,200
Officer salaries	48,000
Profit sharing expense	9,600
Signature guarantee expense	395
Professional fees	1,979
Insurance	150
Other	202
ı	
Total expenses	427,694
·	
Income before income taxes	47,942
Income tax expense	686
,	
Net Income	\$ 47,256

STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY YEAR ENDED SEPTEMBER 30, 2006

Beginning balance, October 1, 2005	\$ 90,512
Net income for the year	47,256
Distributions to stockholder	(55,950)
Ending balance, September 30, 2006	\$ 81,818

STATEMENT OF CHANGES IN LIABILITIES SUBORDINATED TO CLAIMS OF GENERAL CREDITORS YEAR ENDED SEPTEMBER 30, 2006

Balance, September 30, 2005	\$ -	
Increase	-	
Decrease		_
Balance, September 30, 2006	\$ -	

STATEMENT OF CASH FLOWS YEAR ENDED SEPTEMBER 30, 2006

CASH FLOWS FROM OPERATING ACTIVITIES	
Net income	\$ 47,256
Adjustments to reconcile net income to cash	
provided by operating activities:	
Unrealized gains on assets	(121)
Changes in operating assets and liabilities:	
Accounts receivable	(5,721)
Other assets	(1,535)
Accounts payable	129
Accrued income taxes	686
	•
Total adjustments	(6,562)
NET CASH PROVIDED BY OPERATING ACTIVITIES	40,694
	•
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investments	(9,299)
Sale of investments	10,950
NET CASH PROVIDED BY INVESTING ACTIVITIES	1.661
NET CASH I ROYDED DI INVESTING ACTIVITIES	
CASH FLOWS FROM FINANCING ACTIVITIES	
Distributions to stockholder	(55.050)
Distributions to stockholder	(55,950)
NET CASH (USED) BY FINANCING ACTIVITIES	(55,950)
	(33,730)
(DECREASE) IN CASH AND CASH EQUIVALENTS	(13,605)
	(15,005)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	31,747
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 18,142
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION	N
Cash paid during the year for:	
Interest	-
Income taxes	\$ 1,535
	·

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the Business

Morrison Investments, Inc. was incorporated in the State of Illinois in August, 1990. The Company is registered as a broker dealer and provides various financial services commensurate therewith. As a broker dealer, the Company is subject to the minimum net capital requirements of Rule 15c3-1 of the Securities and Exchange Commission and is exempt from Rule 15c3-3.

Cash and Cash Equivalents

The Company considers all short-term debt securities purchased with a maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable consists of commissions and fees receivable from mutual fund companies. The company considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when the determination is made.

Use of Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities and the reported revenue and expenses. Actual results could vary from the estimates that were used.

Concentration of Credit Risk

The Company places its cash equivalents with high credit quality financial institutions, which are federally insured up to prescribed limits. However, the amount of cash equivalents at any one institution at any given time may exceed these limits. Cash in banks, based on bank balances at September 30, 2006, did not exceed federally insured prescribed limits.

Basis of Accounting

The financial statements of the Company have been prepared on the accrual basis of accounting.

Investments

In accordance with specialized industry practices, unrealized gains and losses are recognized on the investments held by the Company.

Commissions

Commissions and related clearing expenses are recorded on a trade-date basis as securities transactions occur.

NOTE 2 - INVESTMENTS

At September 30, 2006, the mutual fund investments held had a market value of \$39,615 which represents an increase of \$4,620 from the prior year after accounting for unrealized capital gains and for reinvested dividends

Following is a summary of investments at September 30, 2006:

Mutual Funds

NOTES TO FINANCIAL STATEMENTS (CONTINUED) SEPTEMBER 30, 2006

NOTE 3 - INCOME TAXES

In accordance with an election under Subchapter S of the Internal Revenue Code, the income for tax purposes is separately reportable on the individual income tax return of the Company's sole shareholder. Therefore, no provision for federal income taxes is reflected in these financial statements. The current provision represents the statutory provision for state income taxes, where the Subchapter S election does not apply. For federal income tax purposes, had the Company been a regular C Corporation, a federal statutory provision of \$7,224 would have been recorded.

NOTE 4 - NET CAPITAL REQUIREMENTS

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (SEC rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1 (and the rule of the "applicable" exchange also provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1). The Company had net capital of \$65,376 which was \$60,376 in excess of its required net capital of \$5,000. The Company's net capital ratio was .04 to 1.

NOTE 5 - RELATED PARTY

The Company shares office and administrative costs with a related party company known as Morrison Financial Services, Ltd. ("MFS"). The Company is obligated to pay a minimum of \$216,000 annually to MFS. An additional amount is payable quarterly to offset any net loss MFS may incur. The Company's share of the general and administrative costs was \$365,200 and its share of salaries was \$48,000 in the current fiscal year. MFS also maintains a profit sharing plan. The Company paid MFS \$9,600 for profit sharing expense before September 30, 2006.

The Company revised its agreement effective October, 2003 to be in compliance with SEC Rules 15c-3-1, 17a-3, 17a-4, and 17a-5 regarding the treatment of broker/dealer expenses and liabilities. Morrison Investments, Inc. is not responsible for any expense reimbursement that would cause its Net Capital to fall below \$10,000.

SUPPLEMENTARY INFORMATION

COMPUTATION OF NET CAPITAL SEPTEMBER 30, 2006

Total ownership equity from statement of financial condition	\$ 8	1,818
Deduct ownership equity not allowable for net capital		:
Total ownership equity qualified for net capital	8	31,818
Add liabilities subordinated to claims of general creditors allowable in computation of net capital and other allowable credits		
Total capital and allowable subordinated liabilities	8	31,818
Deduct nonallowable assets from statement of financial condition	. 1	10,500
Net capital before haircuts on securities positions	- 7	71,318
Haircuts on securities		5,942
Net capital	\$ 6	55,376
COMPUTATION OF BASIC NET CAPITAL REC SEPTEMBER 30, 2006	QUIREMENT	•
Minimum net capital required (6 2/3% of aggregate indebtedness)	\$	178
Minimum dollar net capital requirement	_ \$	5,000
Net capital requirement	\$	5,000
Excess net capital	\$ 6	50,376
Excess net capital at 1000%	\$ 6	55,109
COMPUTATION OF AGGREGATE INDEBTEDNE SEPTEMBER 30, 2006	SS	•
Total aggregate indebtedness	_\$	2,675
Percentage of aggregate indebtedness to net capital		4.09%

EXEMPTIVE PROVISION UNDER RULE 15c3-3 SEPTEMBER 30, 2006

Morrison Investments, Inc., because of the limited nature of its operations, which places the corporation in the \$5,000 capital category as per Rule 15c3-1, is exempt from Rule 15c3-3. The corporation has limited its activities to the representation of mutual funds, variable annuities, and limited partnerships. Individual securities will not be represented and the corporation does not hold funds or securities for, or owe money or securities to customers.

In our opinion, the conditions of the corporation's exemption were being complied with as of the audit date. No facts came to our attention to indicate that the exemption has not been complied with.

SUPPLEMENTAL REPORT SEPTEMBER 30, 2006

Our audit for the year ended September 30, 2006 did not disclose any material inadequacies existing.

SUPPLEMENTAL REPORT SEPTEMBER 30, 2006

Our audit for the year ended September 30, 2006 found a difference between the Audited Computation on Net Capital and the broker/dealer's corresponding initial computation of Net Capital. The Receivable from investment companies should have been reported as \$16,236 but were reported as \$7,501, a difference of \$8,735. Thus, the net capital as initially computed by the broker/dealer was understated.